

trade the chief exports from the Transvaal are gold and diamonds. And so far is the excess of \$72,400,000 from representing a gain in wealth that it measures the tribute that the Transvaal paid to the foreigners who own her mines and other natural resources. In that same year Great Britain's imports exceeded her exports to the amount of \$770,000,000. According to protectionist philosophy, the Transvaal is growing rich on its foreign trade, and Great Britain is growing poor. In the light of common sense the Englishmen who own the mines of the Transvaal are transferring the wealth of that country to England without giving anything in return.

s. c.



Government Control of Railroads.

President E. P. Ripley of the Atchison, Topeka and Santa Fe railroad has presented the railroad question to the public in a way that is likely to attract wide attention. Realizing that the present status cannot last, Mr. Ripley points out some of the disadvantages of the present management, and proposes a remedy. First, regarding the waste, he says:

Some method of economy must be worked out. Every night five magnificent trains leave Chicago at practically the same time for Kansas City. Each carries every modern device for comfort. Possibly one of the trains—two certainly—could care for the business. Six trains leave Chicago for Omaha nightly, and five for St. Paul. Two trains could do the business much cheaper and much better. . . . Suppose all the unnecessary train service, now forced by railroad competition, all ticket and freight solicitors and their offices, and all the unnecessary duplications were eliminated? Think of the saving. Suppose the railroads were allowed to co-operate? Suppose railroad groups were established, somewhat after the manner of the regional reserve banks? Each group of railroads could be governed by a board of directors, in which the Government could be fully represented. The Government could say to each of the lines serving certain territory, "We will guarantee that your net earnings for the next five years shall not be less than for the last five, and you also shall be guaranteed six per cent on any additions and betterments which, with our consent, may be made on the property. In return we demand one or more seats on your board and the power of absolute veto upon any act or proposed act which we may consider disastrous to the community or otherwise improper."



Here is a distinct recognition of the principle of government ownership of railroads by a practical railroad man, and the comments on it made by other railroad men show that it is likely to receive serious attention. The present relation of

the roads to the public is an impossible one, and could not have been endured this long except for the rapid growth of the country and the quick returns to capital. When first the different States, and then the Federal Government, began limiting the rates, and specifying the service, it was only a question of time when the burden of early financing would become unendurable. But the introduction of such a plan as that of Mr. Ripley will necessitate a vast deal of preliminary re-adjustment. Roads that have been losing money for the past five years would not be content to have their losses guaranteed. Railroad investments are entitled to the same treatment as other investments, but to no more. General merchandising and manufacturing when improperly conducted fail, and the capital invested is wiped out; but railroads are not allowed to fail. If one set of managers cannot succeed the court appoints a receiver who conducts the road until it can again be turned over to private management. A private business may fail, and be wiped out of existence, but a railroad, though its management fail, must continue operation.



Railroading is not a competitive business. The law that regulates merchandising and manufacturing does not apply to it. Hence, another governing force must be invoked. The only power that is equal to the cause is the government. Paralleling lines, competitive trains and traffic solicitors merely duplicate the service without increasing its efficiency. And since it is from its very nature a monopoly it must be organized and operated as a unit, subject absolutely to the control of the people. Whether that control should be exercised as a State unit, as a group unit, or as a national unit, and whether by governmental representation on boards of directors, or by government ownership, is a point still to be worked out. Private ownership and operation has been a failure. Private ownership with government control may be an intermediate step in the transition to government ownership. But no move can be made intelligently until legislators have a clearer understanding of public rights and private rights than did the Congressmen who voted down the Bailey amendment to the Alaska railroad bill, which proposed to tax into the public treasury the land values made by the road. Any man or body of men that does not know whether or not a value belongs to the man or men who created the value is not fit to deal with the railroad problem.

s. c.